

Message Text

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R 211400Z JUL 78
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0920
INFO AMEMBASSY ROME
AMCONSUL FLORENCE UNN
AMCONSUL GENOA UNN
AMCONSUL MILAN UNN
AMCONSUL NAPLES UNN
AMCONSUL PALERMO UNN
AMCONUL TRIESTE UNN

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E.O. 11652: N/A
TAGS: ELAB, ECON, EIND, IT
SUBJ: FIAT CONCLUDES MEJOR LABOR NEGOTIATIONS --
SPECIFIC PROVISIONS AND GENERAL REACTIONS

REF: (A) TURIN 0254, (B) TURIN A-10, (C) TURIN 0294

1. SUMMARY. IMPORTANT LABOR NEGOTIATIONS RECENTLY CONCLUDED BY FIAT, S.P.A., TURIN, WILL OPEN UP NEW PERSPECTIVE IN ITALIAN FACTORY WORK. MOST RELEVANT PROVISION OF FIAT/LABOR AGREEMENT (WHICH LOCALLY IS VIEWED AS "LIKELY TO SET PRECEDENT FOR ALL OF ITALY") REGARDS NEW POSSIBILITY FOR FIAT TO PLAN MORE RATIONALLY AND ESTABLISH DAILY PRODUCTION RATES ON A CASE-BY-CASE AND DAY-BY-DAY BASIS IN ORDER TO COMPENSATE FOR FORMAL REDUCTION IN DAILY MANHOURS WORKED (FROM EIGHT TO SEVEN HOURS 30 MINUES, I.E., MINUS FULLY-PAID 30 -MINUTE LUNCH BREAK) IN FIAT PLANTS
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(PREDOMINANTLY AUTO SECTOR) WHERE TWO OR MORE SHIFTS ERE OPERATED. WHILE NEW PROVISIONS -- TO BECOME EFFECTIVE SEPTEMBER 11, 1978 -- HAVE SO FAR BEEN ACCEPTED RATHER FAVORABLY BY CONCERNED FIAT WORKERS IN PIEDMONT REGION (ESTIMATED TOTAL: 150,000), THEY APPEAR TO BE TRIGGERINGM WIDESPREAD NEGATIVE REACTIONS IN SOME OF FIAT S PLANTS IN CENTRAL/SOUTHERN ITALY WHERE A MORE DIFFICULT BACKGROUND OF

SOCIO-ECONOMIC ISSUES COMES INTO PLAY. END SUMMARY.

2. ON JULY 3, 1978, AFTER FIVE MONTHS OF DIFFICULT NEGOTIATIONS, FIAT S.P.A., TURIN, REACHED AGREEMENT WITH METAMECHANICAL UNION FEDERATION (FLM) WHEREBY, EFFECTIVE SEPTEMBER 11, 1978, FACTORY SHIFT-WORKERS ("TURNISTI") IN SEVERAL FIAT PLANTS IN NORTHERN AND CENTRAL/SOUTHERN ITALY WILL BENEFIT FROM A FULLY REMUNERATED 30-MINUTE LUNCH BREAK DURING THEIR NORMAL EIGHT-HOUR WORKING DAY.

3. PROTRACTED NEGOTIATIONS HINGED ON FACT THAT HALF-HOUR REDUCTION IN FACTORY SHIFTS WOULD ENTAIL PRODUCTION LAGS (FIAT CLAIMED AN ANNUAL 4.4 PERCENT DROP). IN VIEW OF FIAT'S DEMAND THAT PRODUCTIVITY AND PLANT UTILIZATION BE MAINTAINED AT CERTAIN ESTABLISHED LEVELS DESPITE REDUCED WORKING HOURS, LENGTHY BARGAINING ENSUED REGARDING WORKER PROTECTION ISSUES OVER WHICH UNION REPRESENTATIVES ARGUED LONG AND HARD.

4. FOLLOWING ARE BASIC POINTS OF "MUTUALLY SATISFACTORY" AGREEMENT AS IT NOW STANDS, SHOWING MANNER IN WHICH SUCH ISSUES WERE TACKLED AND (A LEAST PARTLY) SOLVED:

A. BETTER UTILIZATION OF FIAT CENTRAL/SOUTHERN ITALIAN PLANT CAIACITY TO BE ACHIEVED THROUGH OPERATION OF A "THIRD SHIFT" (NIGHT), "ON A STEADY, FINAL BASIS." MOST PROMINENT FACTORIES INVOLVED ARE THOSE AT CASSINO AND UNCLASSIFIED

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TERMINI IMERESE (SEE REFS A AND B). AGREEMENT PROVIDES FOR 450 NEW JOBS AT CASSINO AND 150 AT TERMINI IMERESE, IN ADDITION TO NEW JOBS ALREADY CONTEMPLATED IN CONNECTION WITH FIAT'S MAJOR INVESTMENT PROJECTS IN ITALY AS DETAILED IN REFS A AND B.

B. INCREASED PRODUCTIVITY IN PIEDMONT-BASED FIAT PLANTS WHERE PRODUCTIVITY HAS RECENTLY BEEN WEAKEST BY MEANS OF A "THIRD SHIFT" TO BE OPERATED "ON A TENTATIVE BASIS." ALTERNATIVE POSSIBILITY IS FOR INDIVIDUAL INTERESTED PIEDMONT PLANTS TO ADOPT SO-CALLED "ROTATIVE MEAL BREAK" (I.E., WORKERS TO HAVE THEIR MEALS AT DIFFERENT HOURS, WITH GROUP OF WORKERS SUBSTITUTING FOR OTHERS DURING 30-MINUTE ABSENCE).

C. FLEXIBLE PRODUCTION RATE/TARGETS TO BE DEFINED ON A DAILY BASIS DEPENDING ON NUMBER OF WORKERS ACTUALLY PRESENT IN PLANT ON A GIVEN DAY RATHER THAN ON "THEORETICAL ABSENTEEISM" FIGURES. NOTE: PRACTICE HERETOFORE HAS BEEN TO KEEP DAILY PRODUCTION TARGET VOLUME UNCHANGED REGARDLESS OF WHETHER PERCENTAGE OF WORKERS ACTUALLY ABSENT MIGHT BE LOWER THAN THEORETICALLY ESTIMATED RATE OF ABSENTEEISM FOR THAT DAY. FURTHER REFINEMENTS ALONG THIS LINE TO BE COMPLETED BY END OF SEPTEMBER, BASED ON RESULTS ACHIEVED

THROUGH APPLICATION OF NEW "FLEXIBILITY" SYSTEM.

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..."FLEXIBILITY" SYSTEM.

D. AS FIAT PREVIOUSLY ANNOUNCED (PARA 5(B) REF C), TOTAL
OF 2,320 NEW WORKERS ARE TO BE HIRED BY FIAT (INCLUDING
AGGREGATE NEW 600 INTENDED FOR CASSINO AND TERMINI IMERESE).
NOTE: DECISION TO INCREASE WORKFORCE IS PARTLY BASED ON
COMPROMISE WITH UNION DEMANDS THAT PRODUCTIVITY LEVELS BE
MAINTAINED "WITHOUT OVERBURDENING CURRENT COMPLEMENT."

5. FIAT-LABOR OPINIONS

A. THERE IS BASIC CONCURRENCE BETWEEN VIEWS EXPRESSED
BY TURIN FIAT LABOR RELATIONS SPOKESMAN, CESARE ANNIBALDI,
AND NATIONAL SECRETARY RESPONSIBLE FOR FIAT FLM METEL-
MECHANICAL UNION FEDERATION, SILVANO VERONESE. BOTH SIDES
TEND TO REGARD AGREEMENT AS HAPPY MEDIUM WHICH SHOULD AT
ONCE PROTECT WORKERS INTERESTS AND MEET REQUIREMENTS
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OF "ITALY'S LEADING WHOLLY PRIVATE ENTERPRISE (I.E., FIAT), WHICH MUST NOT LOSE SIGHT OF ITS PRODUCTIVE TARGETS IF IT IS TO CONTRIBUTE TO THE RECOVERY OF THE ITALIAN NATIONAL ECONOMY."

B. SAYS VERONESE: "WHAT WE HAVE FOUGHT FOR AND OBTAINED FROM FIAT IS THAT THE COMPANY WILL NOT HAVE TO PENALIZE ITS WORKERS THROUGH ANY "OTDATED" MEASURES, E.G., A SIX-DAY/48-HOUR WEEK ON A MORE OR LESS STEADY BASIS INSTEAD OF A THIRD SHIFT# OR STEPPING UP THE PACE OF DAILY PRODUCTION BEYOND REASONABLE HUMAN ENDURANCE."

C. ANNIBALDI IN TURN POINTS OUT: "A MAJOR ACHIEVEMENT IS THAT FIAT WILL ULTIMATELY NOT HAVE TO SLOW DOWN PRODUCTION TO ANY NEGATIVE EXTENT WHILE REDUCING THE LENGTH OF ITS WORKERS' ON-THE-JOB ACTIVITIES. I FEEL THE RIGHT MEASURES HAVE NOW BEEN AGREED UPON IN ORDER TO SAFEGUARD BOTH PRODUCTION AND WORKER REQUIREMENTS. THIS SHOULD ENABLE OUR COMPANY TO FACE INTERNATIONAL COMPETITION WITH GREATER ASSURANCE AND AT THE SAME TIME OFFER A SUBSTANTIAL CONTRIBUTION TOWARD SOLVING CURRENT EMPLOYMENT PROBLEMS IN SOUTHERN ITALY. THE STEADY OPERATION OF A THIRD SHIFT IN FIAT'S ESSENTIALLY AUTOMOTIVE FACTORIES IN CENTRAL/SOUTHERN ITALY IS A VERY USEFUL INNOVATION WHICH COMPENSATES FOR THE HEAVY TECHNICAL PLANNING EXPENDITURES FIAT WILL HAVE TO FACE FOR ITS IMPLEMENTATION. IT SHOULD BE RECALLED (ANNIBALDI GOES ON TO STATE) THAT FIAT'S ANNUAL TOTAL AVERAGE OF MANHOURS WORKED IS ABOUT 300 HOURS BELOW STANDARDS ACHIEVED BY OTHER EUROPEAN AUTOMOBILE MANUFACTURERS. A FURTHER 88-HOUR ANNUAL REDUCTION CAN ONLY BROADEN THIS GAP. ACTUALLY, IN THE SHORT RANGE, THE CURRENTLY ESTABLISHED MEASURES FOR BOLSTERING PRODUCTION WILL ONLY PARTLY MAKE UP FOR TIME LOST IN OUR FACTORIES. STILL, THE IMPLEMENTATION OF SUCH "FLEXIBILITY" MEASURES ALLOWS US TO LOOK FORWARD TO BETTER

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LONG-TERM RESULTS."

6. COMMENTS

A. THIRTY-MINUTE REDUCTION IN DAILY WORKING HOURS IS DESCRIBED BY TURIN UNIONE INDUSTRIALE (INDUSTRIALISTS ASSOCIATION) SOURCES AS MOST SUBSTANTIAL EVER GRANTED "IN ONE BLOW" IN ENTIRE ITALIAN LABOR UNION HISTORY, AS COMPARED WITH VERY GRADUAL REDUCTION FROM 44 TO 40 HOURS A WEEK IMPLEMENTED IN ITALIAN METALMECHANICAL SECTOR OVER 1969-1973 PERIOD. WHILE SAME SOURCES POINT OUT THAT LOCAL PLANTS OPERATING TWO OR THREE SHIFTS HAVE ALREADY RESORTED TO SIMILAR LUNCH BREAK ARRANGEMENTS ON A

SPORADIC, INFORMAL BASIS FOR SEVERAL YEARS, CURRENT FIAT AGREEMENT IS OF PRIMARY IMPORTANCE SINCE:

1) IT SETS ABSOLUTE PRECEDENT IN ITALY BY PROVIDING FOR CAREFULLY PLANNED FLEXIBILITY IN DAILY PRODUCTION STANDARDS IN DIRECT PROPORTION TO NUMBER OF HOURS WORKED AND RATE OF ACTUAL -- RATHER THAN SIMPLY ESTIMATED -- DAILY ABSENTEEISM.

2) NEW PROVISIONS ADOPTED BY FIAT SHOULD SERVE (AS ALSO CONFIRMED IN PUBLIC STATEMENT RELEASED BY TURIN UNIONE INDUSTRIALE LABOR AFFAIRS SPOKESMAN, PAOLO PANZANI) AS "A MODEL FOR OTHER LOCAL AND NATIONAL ITALIAN FIRMS."

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... ITALIAN FIRMS."

B. DESPITE SATISFACTION VOICED IN LOCAL INDUSTRIAL/ LABOR CIRCLES AND ALTHOUGH NO SIGNS OF APPRECIABLE DISSENT HAVE SO FAR BEEN RECORDED IN PIEDMONT-BASED FIAT PLANTS, PRESS RECENTLY REPORTED EPISODES OF UNREST AND VIOLENCE IN SEVERAL FIAT PLANTS IN CENTRAL/SOUTHERN REGIONS OF ITALY (E.G., TERMOLI, CASSINO AND TERMINI IMERESE), INDICATING SOME THORNY ISSUES HAVE BEEN BROUGHT UP BY FIAT AGREEMENT. HIS UNREST TENDS TO QUESTION VERONESE S VIEWS (PARA. 5.B.

ABOVE) ON SUITABILITY OF THIRD SHIFT AS OPPOSED TO SIX-HOUR-PER-DAY, SIX-DAY WEEK (REPORTEDLY PREFERRED BY SOUTHERN WORKERS).

C. LOCAL LABOR SPOKESMEN HAVE COMMENTED TO US (STRESSING FACT THAT ITALIAN LABOR REPRESENTATIVES "ON THE SPOT" WOULD BE MORE QUALIFIED TO OFFER SUGGESTIONS IN THIS UNCLASSIFIED

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RESPECT), THIRD SHIFT OPERATION IN CENTRAL/SOUTHERN ITALY CLASHES AGAINST VIRTUALLY UNBREAKABLE HABITS AND IMPORTANT SOCIO-ECONOMIC PRACTICES INCLUDING: INTER ALIA:

1) WORKERS NEED TO COMMUTE TO AND FROM WORK GIVEN SHORTAGE AND/OR EXORBITANT PRICE OF HOUSING ACCOMMODATIONS IN VICINITY OF FIAT SOUTHERN PLANTS.

2) LACK OF ADEQUATE TRANSPORTATION (ESPECIALLY DURING NIGHT HOURS) TO ALLOW NIGHT-SHIFT COMMUTERS TO REPORT FOR WORK ON TIME WITHOUT HAVING TO WASTE BETTER PART OF AFTERNOON ON TRAINS AND BUSES.

3) FACT THAT MANY SOUTHERN ITALIAN INDUSTRIAL WORKERS ARE ALSO PART-TIME FARMERS AND CANNOT AFFORD TO GIVE UP TILLING THEIR LAND DURING "LEISURE" HOURS.

D. REFUSAL TO COMPROMISE ON SUCH BASIC POINTS APPEARS TO HAVE ALREADY CAUSED SOME FIAT AGREEMENT PROVISIONS REGARDING THIRD SHIFT TO BE MODIFIED IN A COUPLE OF FIAT CENTRAL/SOUTHERN PLANTS

, E.G., TERMOLI, WHERE -- EFFECTIVE IMMEDIATELY RATHER THAN AS OF SEPTEMBER 11 -- WORKERS HAVE REPORTEDLY BEEN ALLOWED TO TAKE PAID 30-MINUTE LUNCH BREAK OFF AND TO WORK ONE SATURDAY FOR EACH OF TWO (N.B., NOT THREE) SHIFTS, TO MAKE UP FOR MANHOURS LOST BETWEEN NOW AND SEPTEMBER 10. WRIGHT

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